

Social Security Expansion Act

Introduced by Sen. Bernie Sanders

Social Security is the most successful government program in the history of this great country, keeping millions of senior citizens, widows, dependent children, and the disabled out of poverty for nearly 80 years. Benefits are modest. The average benefit is only a little over \$1,200 a month. For two-thirds of beneficiaries, this is the majority of their income in retirement. For one-third of recipients, this is nearly all of their income.

Provisions to increase benefits:

- Increase benefits for recipients by around \$65 a month

For newly-eligible beneficiaries, this bill would gradually phase in an increase in the PIA factor of the first bend point to be 15 percent higher for beneficiaries claiming in 2035 and later, resulting in an across-the-board increase of around \$65 a month.

- Apply the *Consumer Price Index for the Elderly* (CPI-E)

The CPI-E provides a more accurate measure of inflation faced by seniors to help our oldest beneficiaries. An average senior at the age of 80 will see a \$43 a month increase, while the average senior at age 90 will see a \$73 a month increase in benefits, to help benefits keep up with the rising costs of goods and services.

- Improve the *Special Minimum Benefit*

This provision will help low income workers stay out of poverty by updating the *Special Minimum Benefit* to make it easier for low earners to qualify for this benefit and by increasing and indexing the benefit level to be equal to 125% of the poverty line, which would mean a minimum benefit of \$14,363 a year for someone who has worked for 30 years.

Provisions to increase revenue:

- Lift the earnings cap on payroll income above \$250,000

This legislation subjects earned income over \$250,000 to the Social Security payroll tax. The Center for Economic Policy Research has estimated that this proposal would only impact the top 1.5 percent of wage earners.

- Apply a 6.2% Social Security tax on investment income for high-income households

This provision will subject unearned income above \$200,000 to the same 6.2% contribution rate as applies to most earned income. Unearned income includes capital gains and dividends, which are currently taxed at a top rate of just 23.8% but were taxed at a rate above 39% as recently as 1978. The top one tenth of one percent of Americans receive roughly half of all capital gains income.

Today, Social Security will be able to pay all promised benefits until 2033, after which it will be able to pay around 75% of all promised benefits. The Social Security Expansion Act would increase revenue and extend the solvency of Social Security to ensure all benefits could be paid for around the next 44 years, past 2059.